

Message Text

UNCLASSIFIED

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 FSE-00 ABF-01 CIAE-00 INR-10

NSAE-00 RSC-01 COME-00 FRB-02 TRSE-00 XMB-07 OMB-01

SS-20 H-03 NSC-10 DRC-01 (ISO) W

----- 011961

R 031723Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9512

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS BONN 0126

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: POEHL ON DM/\$ RATE.

1. ACCORDING TO A DPA REPORT, STATE SECRETARY POEHL OF THE FRG FINANCE MINISTRY SAID THAT THE DE FACTO REVALUATION OF THE DM DURING 1973 HAD SHIELDED THE FRG FROM INFLATION IN OTHER COUNTRIES.

2. HE WARNED, THOUGH, THAT A SERIES OF COMPETITIVE DEVALUATIONS, SIMILAR TO THE SITUATION IN THE 1930'S COULD ARISE IF THERE WERE A GENERAL WORLD ECONOMIC DOWNTURN. THE FRG, GIVEN ITS LARGE ROLE IN WORLD TRADE, CANNOT SET A BAD EXAMPLE BY DEVALUING THE DM. HE ALSO STATED THAT THE FRG DOES NOT CONSIDER A FURTHER DECLINE IN THE DM EXCHANGE RATE TO BE DESIRABLE.

3. POEHL SAID THAT ALTHOUGH THE DM WAS BELOW ITS COMPUTED DOLLAR CENTRAL RATE, HE DOES NOT FEEL THAT A QUICK RETURN TO FIXED EXCHANGE RATES IS POSSIBLE NOR SENSIBLE.

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4. CONFIRMATION OF THE REPORT HAS NOT BEEN POSSIBLE
SINCE POEHL AND HIS STAFF ASSISTANTS ARE VACATIONING
OUTSIDE OF BONN.

5. THE FIXING RATE TODAY WAS DM 2.7830/\$. HILLENBRAND

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, ECONOMIC STABILITY, FOREIGN EXCHANGE RATES
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Copy: SINGLE
Draft Date: 03 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Handling Restrictions: n/a
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Original Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Content Flags:
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Review Exemptions: n/a
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Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
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TAGS: EFIN, GE
To: STATE
Type: TE
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